

DEPARTMENT OF HEALTH SERVICES

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Sacramento, California 94234-7320
(916) 657-1460



January 4, 1999

PPL No. 99-001

All County Medi-Cal Administrative Activities (MAA)/
Targeted Case Management (TCM) Coordinators and
Advisory Committee Members

**SUBMISSION REQUIREMENTS FOR LOCAL EDUCATIONAL CONSORTIUM (LEC)
PARTICIPATION IN THE MEDI-CAL ADMINISTRATIVE ACTIVITIES (MAA)
PROGRAM**

The purpose of this letter is to provide instructions to all Local Educational Consortium (LECs) on submission requirements *prior* to participation in the Medi-Cal Administrative Activities (MAA) program.

The MAA program is mandated by the Welfare & Institutions (W&I) Code, Section 14132.47, which authorizes the Department of Health Services (DHS) to contract with local governmental agencies (LGA), defined as a county or chartered city, to assist with the performance of administrative activities deemed necessary for the proper and efficient administration of the Medi-Cal program. The objective of the MAA program is to reimburse LGAs for the costs associated with certain administrative activities. These activities include outreach; facilitating Medi-Cal application; Medi-Cal non-emergency, non-medical transportation; contracting for Medi-Cal services; program planning and policy development; and MAA coordination and claims administration. The LGAs have the option to subcontract with nongovernmental entities, which include local educational agencies (LEAs), to assist with the performance of MAA. In the past, the only option for LEAs to claim MAA was to subcontract with a LGA.

The 1998-99 Budget Trailer Bill, Assembly Bill (AB) No. 2780, Statutes of 1998, Chapter 310, W&I Code, Section 14132.47, was amended to allow LEAs to claim for MAA through a local educational consortium (LEC) rather than subcontracting through their respective LGAs. A LEC is defined as a local agency that is one of the service regions of the California County Superintendent Educational Services Association. This legislation requires that each LEC participating in the MAA program shall be responsible for the LEAs in its service region that participate in the MAA claiming process. This responsibility includes, but is not limited to, the preparation and submission of all MAA claiming plans, training of LEA MAA staff, the supervision of the LEA MAA time survey process, and submission of detailed quarterly MAA invoices on behalf of any participating LEA. A designated employee of the LEC, commonly referred to as the "LEC MAA Coordinator" shall act as the liaison with the Department for issues concerning MAA.

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In accordance with W&I Code, Section 14132.47(r)(3), a 90-day intent letter of LEC participation in MAA has been developed. The enclosed form letter will allow LEC to notify DHS of their intent to participate in the MAA program. This form letter must be signed by the LEC MAA Coordinator. It is required that these documents be completed and returned *90 days prior* to the first of the fiscal quarter, in which the LEC will be participating in the MAA program to:

Department of Health Services
Charles De LaRosa, Chief
Administration Claiming Unit
714 P Street, Room 1640
Sacramento, CA 95814

Enclosed is additional information regarding responsibilities and requirements for the LECs. If you have any questions, please contact Diana Robinson, Lead Analyst of the Administrative Claiming Unit at (916) 657-0533.

Sincerely,



David Mitchell, Chief
Medi-Cal Benefits Branch

cc: See next page.
Enclosures

Targeted Case Management: Medi-Cal Administrative Activities: X Policy Effective Date: 10-1-98 Policy Reference: W&I Code, Sect. 14132.47 MAA Contract

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cc: Ms. Cathleen Gentry
Host County Liaison
455 Pine Avenue
Half Moon Bay, CA 94019

Mr. Richard Chambers
Associate Regional Administrator
Health Care Financing Administration
Division of Medicaid
75 Hawthorne Street, Fifth Floor
San Francisco, CA 94105-3901

Mr. Bill Lasowski
Technical Director
Office of Financial Services
Health Care Financing Administration
7500 Security Blvd., MS-C4-18-27
Baltimore, MD 21224-1850

Mr. Larry Lee
Accountant
Division of Medicaid
Health Care Financing Administration
801 I Street, Room 210
Sacramento, CA 95814

Mr. Glen Thomas
Executive Director
California County Superintendent
Educational Services Association
925 L Street
Sacramento, CA 95814

Dr. Sam B. Hill
Superintendent
Live Oak Unified School District
2201 Pennington Road
Live Oak, CA 95953

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cc: All County of Superintendents of Schools

The Association of California School Administrators (ACSA)
Executive Office
1517 L Street
Sacramento, CA 95814

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Targeted Case Management Coordinators and
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bcc: Ms. Kathy Jones, Author

Mr. David Mitchell, Chief
Medi-Cal Benefits Branch
714 P Street, Room 1640

Ms. Patricia L. Morrison, Chief
Administrative Claiming and
Support Section
714 P Street, Room 1640

Mr. Charles De LaRosa, Chief
Administrative Claiming unit
714 P Street, Room 1640

Administrative Claiming Unit - All Staff
714 P Street, Room 1640

Federal Liaison Unit - All Staff
Accounting Section
714 P Street, Room 1140

Department of Health Services
Administrative Claiming Unit
Attn: Charles De LaRosa, Chief
714 P Street, Room 1640
Sacramento, CA 95814
(916) 657-1460

(DATE)

**90-DAY INTENT LETTER OF LOCAL EDUCATIONAL CONSORTIUM (LEC)
PARTICIPATION IN THE MEDI-CAL ADMINISTRATIVE ACTIVITIES (MAA)
PROGRAM**

The purpose of this transmittal is to notify the Department of Health Services (DHS) **90-days prior** to the first of the fiscal quarter, in which (LEC, Service Region Number) will be participating in the MAA program. The quarter of participation in the MAA program for (LEC, Service Region Number) will be (Qtr: 1st qtr July-September, 2nd qtr October-December, 3rd qtr January-March, 4th qtr April-June), 19__.

We certify that the agency designated as the LEC for (Service Region Number) was selected through a process allowing the participation of all Local Educational Agencies (LEAs) within the region.

We understand that reimbursement of claims is conditioned on LECs (Service Region Number) supplying valid and substantiated information, satisfactory to the Department within the time limits specified. To the extent that a federal audit disallowance and interest results from a claim(s) for which the LEC has received reimbursement for MAA, the Department shall be held harmless of any such final federal audit disallowance and interest.

To facilitate participation in the MAA program, please be advised that Ms./Mr. (LEC MAA Coordinator) has been designated as the MAA Coordinator and shall act as the liaison with the Department for issues concerning MAA. Ms./Mr. (LEC MAA Coordinator) can be contacted at (Agency, Address/phone number, fax number).

If you have any questions regarding this transmittal, please feel free to contact Ms./Mr. (LEC MAA Coordinator).

Sincerely,

(LEC/MAA Coordinator)

GENERAL INFORMATION

MEDI-CAL ADMINISTRATIVE ACTIVITIES (MAA) LOCAL EDUCATIONAL CONSORTIUM (LEC)

Medi-Cal Administrative Activities (MAA)

MAA are activities necessary for the proper and efficient administration of the Medi-Cal program. The federal government, through the Health Care Financing Administration, will reimburse local programs for a share of the costs of performing allowable activities. These activities include the following:

- Outreach: Bringing potential eligibles into the Medi-Cal system and assisting Medi-Cal recipients to obtain Medi-Cal services.
- Facilitating Medi-Cal applications.
- Arranging and/or providing non-emergency, non-medical transportation of Medi-Cal recipients to Medi-Cal covered services.
- Contracting for the provision of Medi-Cal services.
- Program Planning and Policy Development related to the Medi-Cal program.
- MAA Coordination and Claims Administration.

Agencies choosing to participate in MAA must comply with the program requirements established by the state Department of Health Services (SDHS). These requirements include:

- Participation, annually, in a one month MAA time survey.
- Preparation of a MAA Claiming Plan which describes the activities which will be claimed.
- Preparation of quarterly MAA Invoices.
- Certification of local funds to match the federal share.

It should be noted that the MAA program is completely separate from the *Local Educational Agency (LEA) Medi-Cal Billing Option program*. Use of the federal reimbursement from the MAA program is unrestricted. Reimbursement from the LEA Medi-Cal Billing Option is restricted to specific purposes.

Local Educational Consortium (LEC)

Recently passed legislation (AB 2780 / Chapter 310, Statutes of 1998) has increased MAA claiming options for LEAs.

LEAs, which include K-12 School Districts and Community Colleges, can now choose to participate in MAA through their Local Governmental Agency (LGA), usually the county Health Department, or through their LEC. Individual LEAs contract with the LGA or the LEC. The LGA or LEC contract with the SDHS for the provision of MAA. LEAs cannot contract directly with the SDHS.

One LEC will be designated for each service region of the California County Superintendent Educational Services Association. The process for selecting the LEC will be determined by each service region. It is anticipated that MAA claiming through LECs will begin in July 1999.

**SUGGESTED GUIDELINES FOR THE SELECTION OF THE
LOCAL EDUCATIONAL CONSORTIUM (LEC)**

Recently passed legislation (AB 2780) allows Local Educational Agencies (LEAs) to claim for Medi-Cal Administrative Activities (MAA) through either a Local Governmental Agency or through a Local Educational Consortium (LEC).

There can be only one LEC for each service region of the California County Superintendent Educational Services Association. The LEC for a service region can be either a County Office of Education (COE) or a school district.

The legislation does not specify the process by which each service region will select its LEC. It was determined that the development of the LEC selection process should be a local decision.

To assist the state Department of Health Services (SDHS) in implementing this legislation, a LEC Structure Work Group was formed. Members of this Work Group include school representatives, county representatives, and SDHS staff. The Work Group developed the suggested guidelines noted below to assist the service regions.

1. County Offices of Education, through the lead COE for the service region, will facilitate the LEC selection process.
2. County Superintendents will provide, to each school district superintendent, information about the functions of the LEC, including the LEC's responsibilities to participating LEAs.
3. The LEAs will be invited to participate in the decision making process for selecting the LEC. This might be done through meetings or written correspondence.
4. The actual LEC selection process for a specific service region will be designed by that service region. Each service region will certify that the process occurred and will certify the agency chosen to the LEC.
5. The outcome of the LEC selection process will be that the SDHS will receive only one LEC *Intent to Participate Letter* from each service region.
6. Should the SDHS receive more than one "Intent Letter" for service region, all letters will be returned to the lead COE for that region. The lead COE will be responsible for resolving the issue.
7. The California County Superintendents Educational Services Association will provide assistance regarding the LEC selection process upon the request of a service region.

LOCAL EDUCATIONAL CONSORTIUM (LEC) RESPONSIBILITIES

The Local Educational Consortium (LEC) is the focal point for Local Educational Agencies (LEAs) within the LEC region on all issues related to the Medi-Cal Administrative Activities (MAA) program. The LEC must represent and communicate with not only the organization of his/her employment, but all participating LEA programs.

Information Flow

- Receive and review all MAA related correspondence, including information and policy directives from the state Department of Health Services (SDHS), the California Department of Education (CDE) and information from the MAA/Targeted Case Management (TCM) Host County Liaison and the LEA Technical Assistance Project.
- Ensure that pertinent information is forwarded to affected staff/programs in a timely manner.
- Maintain a roster of LEA contact persons within the region who must receive MAA information.
- Respond promptly to requests for information from SDHS, the CDE, and the MAA/TCM Host County Liaison, and the LEA Technical Assistance Project.
- Ensure that all MAA program related correspondence directed to and sent from the LEAs is routed through the LEC.
- Inform the MAA/TCM Host County Liaison of changes in LEC/LEA contact information.

Program Policy

- Ensure that MAA policies and program requirements are clearly understood and complied with by all participating LEAs.
- Actively participate in policy discussion and provide constructive input for decision making and problem resolution through the MAA/TCM Advisory Committee and related Work Groups.
- Inform the MAA/TCM Host County Liaison or the SDHS assigned analyst of program issues requiring policy clarification or revision.

Training and Technical Assistance

- Attend statewide or regional LEA MAA training sessions conducted by the SDHS, the CDE, the MAA/TCM Advisory Committee, or the LEA Technical Assistance Project.
- Ensure that local LEA training is conducted in a timely manner to maintain compliance with MAA policies and program requirements.
- Ensure a mechanism for providing MAA updates to both the fiscal and the program staff of the LEAs.
- Identify areas of LEA training needs within the LEC region. Inform the MAA/TCM Host County Liaison of the need for statewide or regional training or local technical assistance.

Review and Coordination of Program Required Documents

- Be actively involved in the preparation, review, and timely submission of program required documents including MAA Claiming Plans and amendments, LEC/SDHS MAA Contracts, Host County/LEC Agreements and Participation Fees, etc.
- Ensure the processing of LEC/LEA subcontractor agreements.
- Oversee the preparation and timely submittal of MAA invoices, ensuring that claims do not duplicate reimbursements received from other payment mechanisms.
- Develop, establish, and maintain MAA program monitoring procedures and MAA audit files.
- Maintain a central file of all MAA policies and procedures, information, and documents.

COMPENSATION FOR THE PERFORMANCE OF LOCAL EDUCATIONAL CONSORTIUM (LEC) RESPONSIBILITIES

A Local Educational Consortium (LEC) will incur expenses in its performance of LEC responsibilities to the Local Educational Agencies (LEAs) within its region.

There are two (2) means by which a LEC can receive partial compensation for these costs. It should be understood by the LEC that full compensation for its actual costs may not be possible. The methods for securing compensation are described below.

LEC Claiming for Medi-Cal Administrative Activities (MAA) Coordination and Claims Administration

The MAA program is a Federal Financial Participation (FFP) program. This means that the federal government, through the Health Care Financing Administration, is willing to share with the local provider the cost of performing allowable activities. The MAA program allows claiming for the LEC's costs of coordinating the MAA program within its service region. These costs are claimed through an activity called *MAA Coordination and Claims Administration*. Examples of allowable activities for this category are outlined in the MAA Provider Manual and in the enclosed document entitled *LEC Responsibilities*.

Allowable costs may include the salaries and benefits of the LEC staff performing the activities, applicable operating expenses, and appropriate overhead expenses. Claimable costs might also include the costs of a private vendor that the LEC may choose to retain to provide claimable activities. These activities might include the provision of MAA training for the LEAs within the region and/or the preparation of the MAA Claiming Plan and MAA Invoices for the LEC. The LEC may not require that participating LEAs retain the services of the same vendor.

The FFP for *MAA Coordination and Claims Administration* activities is 50%. This means that the LEC can only be compensated, through this method, for half of the costs of performing these activities.

Charging an Administrative Fee to Participating LEAs

California state statutes allows the LECs to charge the participating LEAs an "administrative fee." Payments for approved MAA claims will be made directly to the LEC. Therefore, the LEC may secure payment of this administrative fee through the retention of a percentage of the amounts forwarded to the participating LEAs. The determination of the fee charged to the participating LEAs may be based on one or more of the three (3) factors noted below.

State legislation requires that all participating LECs pay an annual Participation Fee to pay for a portion of the costs of the state Department of Health Services to administer the MAA program. The annual fee also pays for a consultant to serve as an advocate for all participating programs and to provide statewide technical assistance. In addition, it pays for the costs of meeting and training facilities. Fees are based on actual or projected claiming amounts. For the last three (3) years, this fee has been approximately 2% of claiming amounts.

2. The LEC may choose to charge participating LEAs an additional percentage for the services the LEC provides on their behalf. This percentage may be based on the level of services required by the LEAs.
3. The LEC may choose to retain a percentage of paid claims to maintain an audit reserve. This factor does not provide compensation for the LEC. However, it protects the LEC in the event of a LEA audit exception.